

**IMPACT OF EMPLOYEE MOTIVATION ON JOB PERFORMANCE IN  
TANZANIA BANKING SECTOR. A CASE STUDY OF TANZANIA POSTAL  
BANK HEAD OFFICE AND METROPOLITAN BRANCH**

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**A DISSERTATION IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR  
A MASTER DEGREE IN HUMAN RESOURCES MANAGEMENT OF THE  
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**CERTIFICATION**

The undersigned certifies that he read and here by recommends for acceptance by the Open University of Tanzania, Dissertation entitled impact of employee motivation on job performance in banking sector. A case study of Tanzania Postal Bank for the Partial fulfillment of the Requirement for the Award of the Degree of Masters of Human Resources Management.

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Supervisor

.....

Date

## DECLARATION

I, **BUGUZA MASSUDI**, do hereby declare that this thesis/dissertation is my original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

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This piece of work is dedicated to my late Father Massudi M. Massudi.

## **ABSTRACT**

Currently, Human Resource Management is becoming more important because employees and their knowledge are the most important aspect affecting productivity of the organization. Motivation is one of the most important tools of Human Resource Management. Organizations are designing motivation systems in order to encourage employees to perform as well as to attract and retain potential candidates. The main purpose of this study was to assess the impact of employee motivation on job performance in Tanzania banking sector. A qualitative case study methodology was used to interview key informants as well as questionnaires were distributed to the sample of 100 respondents from Tanzania Postal Bank Metropolitan branch and head office. The findings indicated that salary increment, promotion and recognition were important motivational factors for employees of Tanzania Postal Bank. Majority of respondents sees money as what they worked for. The study observes that TPB does not offer any kind of housing loan scheme to its employees as well as customers since itself is a financial institution. The study recommends that managers and supervisors should avoid being bias when measuring employee's job performance. Management of TPB should invest more on staff trainings. The study further recommends that the bank should provide/offer a housing loan scheme to its employees as one of motivating factor to their job performance. Moreover, the study recommends that in order to motivate and show consideration to its staffs the management should lower bank charges to its staffs transfer services. The bank cans also an updated performances measurement tools like Balance Score cards.

## TABLE OF CONTENTS

<b>CERTIFICATION.....</b>	<b>ii</b>
<b>DECLARATION .....</b>	<b>iii</b>
<b>COPYRIGHT.....</b>	<b>iv</b>
<b>ACKNOWLEDGEMENTS .....</b>	<b>v</b>
<b>ABSTRACT .....</b>	<b>vii</b>
<b>TABLE OF CONTENTS .....</b>	<b>viii</b>
<b>LIST OF TABLES.....</b>	<b>xii</b>
<b>LIST OF FIGURES.....</b>	<b>xiii</b>
<b>LIST OF ABBREVIATIONS .....</b>	<b>xiv</b>
 <b>CHAPTER ONE .....</b>	 <b>1</b>
<b>1.0 INTRODUCTION .....</b>	<b>1</b>
1.1 Background to the Problem .....	1
1.2 Statement of the Research Problem.....	3
1.3 Objective of the Study .....	4
1.3.1 General Objective .....	4
1.3.2 Specific Objectives .....	4
1.4 Research Questions.....	4
1.5 Significance of the Study.....	4
1.6 Scope of the Study .....	5
1.7 Organization of the Study .....	6
 <b>CHAPTER TWO.....</b>	 <b>7</b>
<b>2.0 LITERATURE REVIEW .....</b>	<b>7</b>



2.1 Introduction.....	7
2.2 Conceptual Definitions .....	7
2.2.1 Motivation.....	7
2.2.2 Types of Motivation .....	8
2.2.3 Techniques of Motivation.....	8
2.2.4 Job Performance .....	10
2.3 Theoretical Literature Review .....	13
2.3.1 The Hierarchy of Need Theory.....	14
2.3.2 Herzberg Two factor Theory .....	16
2.3.3 McClelland's Achievement Theory.....	17
2.3.4 Vroom's Expectance Theory .....	19
2.3.5 Equity Theory .....	19
2.3.6 Reinforcement Theory .....	20
2.4 Empirical Literature Review.....	21
2.4.1 Empirical Studies in the World .....	21
2.4.2 Africa Related Studies .....	23
2.4.3 Tanzania Related Studies.....	25
2.5 Research Gap .....	27
2.6 Conceptual Framework.....	28
2.7 Theoretical Framework.....	28
<b>CHAPTER THREE.....</b>	<b>31</b>
<b>3.0 RESEARCH METHODOLOGY .....</b>	<b>31</b>
3.1 Introduction.....	31
3.2 Research Design .....	31
3.3 Area of the Study .....	32

3.4 Study Population.....	32
3.5 Sample size and Sampling Procedures .....	32
3.6 Data Collection Methods .....	33
3.7 Data Collection Tools .....	34
3.7.1 Questionnaires .....	34
3.7.2 Interview .....	35
3.8 Reliability and Validity of the Data.....	35
3.9 Data Presentation and Analysis .....	36
3.10 Expected Result of the Study.....	37
 <b>CHAPTER FOUR .....</b>	 <b>38</b>
<b>4.0 DATA ANALYSIS AND DISCUSSION.....</b>	<b>38</b>
4.1 Introduction.....	38
4.2 Demographic and Social Economic Characteristics of Respondents .....	38
4.2.1 Age of Respondents.....	38
4.2.2 Sex of Respondents.....	39
4.2.3 Marital Status.....	40
4.2.4 Level of Education.....	41
4.2.5 Occupation .....	42
4.3 Influence of Salary Increment for Improving Job Performance in TPB .....	43
4.4 Role of Team work for Enhancing job Performance.....	44
4. 5 Motivational Packages for Employees of TPB.....	45
4.6 Adequacy of Motivational Packages to Employees of TPB.....	47
4.7 Ways in which Motivational Packages Influence Employees of TPB .....	48
4.8 Effects of Motivational Packages on Work output.....	49
4.9 Effects of Motivational Packages on TPB Performance .....	49

4.10 Job Training in TPB .....	51
<b>CHAPTER FIVE .....</b>	<b>54</b>
<b>5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS .....</b>	<b>54</b>
5.1 Introduction.....	54
5.2 Summary of Major Findings.....	54
5.3 Implications of the Findings .....	55
5.4 Conclusion .....	56
5.5 Recommendations.....	57
5.5.1 Effect of Motivation Packages on Employee Performance .....	57
5.6 Limitation of the Study .....	59
5.7 Suggestion for Further Studies .....	59
<b>REFERENCES .....</b>	<b>60</b>
<b>APPENDICES .....</b>	<b>65</b>

## LIST OF TABLES

Figure 2.1 Maslow's Hierarchy of need .....	16
Figure 2.2 Conceptual framework of the study .....	28
Table 4.1 Age of Respondents.....	39
Table 4.2 Sex of Respondents .....	40
Table 4.3 Education Level.....	41
Table 4.4 Occupation.....	42
Table 4.5 Influence of Salary Increments for Improving job Performance in TPB .....	44
Table 4.6 Motivational Packages for Employees of TPB.....	46
Table 4.7 Ways in which Motivational Packages Influence Employees of TPB .....	48
Table 4.8 Effects of Motivational Packages on TPB Performance .....	50

## LIST OF FIGURES

Figure 2.1 Maslow's Hierarchy of need .....	16
Figure 2.2 Conceptual framework of the study .....	28
Figure 4.1 Marital Status .....	41
Figure 4.2 Years of Respondents Working with TPB .....	43
Figure 4.3 Role of Team Work for Enhancing job Performance .....	45
Figure 4.4 Adequacy of Motivational Packages to Motive Employees at TPB .....	47
Figure 4.5 Effect of Motivational Packages on Work output.....	49
Figure 4.6 Training in TPB.....	52

**LIST OF ABBREVIATIONS**

CEO	Chief Executive Officer
DSM	Dar es Salaam
FBM	Faculty of Business Management
HRM	Human Resources Management
HRS	Human Resources
MNH	Maternal and Neonatal Health
No.	Number
TPB	Tanzania Postal Bank
TPOSB	Tanganyika Post Office and Telecommunication Corporation
TPTC	Tanzania Posts and Telecommunication Corporation
TZS	Tanzanian Shillings
UK	United Kingdom
WA	West Africa

## **CHAPTER ONE**

### **1.0 INTRODUCTION**

#### **1.1 Background to the Problem**

Tanzania Postal Bank is one of the old and largest bank in terms of market share in the banking industry in Tanzania. As part of the Financial Sector Reform Programme, Tanzania Postal Bank (TPB) was established by the Tanzania Postal Bank Act No.11/1991 as amended by Act No.12 of 1992. This bank became operational as a separate entity from the then Tanzania Posts and Telecommunications Corporation (TP&TC) from 1st March 1992 with its own Board of Directors and Management. It was established as a successor to the Tanganyika Post Office Savings Bank (TPOSB), which was established by the Post Office Savings Bank Ordinance of 1925 and became operational in 1979 (Tanzania Postal Bank Act, 1992).

In accordance with the TPB Act, the bank's objectives and functions are, to mobilize local savings and to promote the savings habits of the population, to provide in accordance with the provisions of the Banking and Financial Institutions Act of 1991 adequate and proper banking services and facilities throughout the United Republic, to mobilize resources by accepting deposits, floating bonds, debenture and other monetary instruments. Subject to the provisions of the Act, to administer such special funds as may from time to time be placed at the disposal of the bank, to undertake any other functions performed by commercial banks.

The bank has its own Board of Directors representing the shareholders. This is responsible for policy formulation, whereas below it is the Chief Executive Officer (CEO) assisted by Head of Banking Operations, Finance, Internal Audit, Marketing and Business

Development, Risk Management, Research and Planning, Human Resource Administration and Procurement, Credit, Information Communication Technology, Compliance, Legal Services and Secretary to the Bank. According to Mnaku (2011), currently, Tanzania postal bank has a total of 28 fully fledged branches, 5 agencies and 115 Tanzania Postal Corporation agencies spread across Tanzania.

The banks plays an important role in world wide economies and their employees are the best source of delivering good services to their customer. Excellent services provided by employees can create a positive perception and ever lasting image in the eyes of banks customers. The motivation of banks employee plays a major role in achieving high level of satisfaction among its customers.

Tanzania Postal Bank like other Banks and financial institutions is struggling to earn as large market share as possible, by providing excellent banking service to its customers to retain them despite of fierce competition of about forty five licensed commercial banks and financial institution available in the Tanzania market ([www.bot.go.tz](http://www.bot.go.tz)).

The Bank has designed Products and services to meet the demands of different types of customers like children(minor accounts),students (platinum accounts), employees ( salary accounts), sole proprietors accounts, company accounts, corporation accounts, non business accounts , partnership accounts and general account for others who do not fall under any specified group ( quick account).

Having good products alone is not enough to attract more customers to join and transact with the bank unless skilled and motivated human resource is available. Tanzania postal bank is committed to have skilled and motivated staff in order to attain its objectives.



## **1.2 Statement of the Research Problem**

Management of Tanzania Postal Bank does take initiatives to motivate its employees in order to attain Strategic Plan of financial performance, capital growth, operational excellence and staff talents and skills.

Before adoption of a performance based management system, whereby bonuses, salary increment, promotions introduced to be solely factors of performance, it was observed an average to low productivity which resulted none achieving of previous plans (TPB APPROVED PLAN AND BUDGET 2007- 2010). Performance in terms of customer satisfaction, number of customer deposits, number of performing loans and the end result which is profit was very low compared to number of resources available. For example after tax profit generated by the whole bank was less than 500 million in four consecutive years.

Two years after motivation of employees things have changed as evidenced by increased number of deposits, assets, income, customer satisfaction and profits shoot from as low as 400 million to 3.8 billion and 5.4 Billion in two consecutive financial years 2011-2012 (Statement of comprehensive income for the year ended 31 December 2011 and 2012). This was accelerated by bonus provided to all staff after meeting and exceeding set targets for 2011 and 2012, promotion of employees to various positions have based on achievement of performance objectives agreed between respective employee and a line manager. Also salary increment to employees is now being done depending on the level of performance one has achieved in recent past financial years ([www.postalbank.co.tz](http://www.postalbank.co.tz)).

Initially, there was salary scales where all employees having the same educational level and experience had the same salary regardless of whether one perform better than the

other. But currently, the bank introduced performance management system where every employee has been given specific targets to be achieved in a year (Sabasaba Moshingi, CEO of the TPB interview with Man magazine, 2012), hence salary increment depends of the level of employee performance and as a result many employees have been struggling to perform to earn more salary. Therefore, this study aimed at finding out the impact of employee motivation on job performance.

### **1.3 Objective of the Study**

#### **1.3.1 General Objective**

The general objective of this study is to assess the impact of employee motivation on job performance in Tanzania Postal Bank.

#### **1.3.2 Specific Objectives**

1. To examine how salary increment influence the performance of employees in TPB.
2. To assess the roles of team work in enhancing job performance.
3. To find out whether motivational packages has an impact in job performance.
4. To identify the most packages for improving job performance in TPB.

### **1.4 Research Questions**

1. How salary increments influence the performance of employees in TPB?
2. What is the role of team work in enhancing job performance?
3. What are the motivational packages for employees in TPB?
4. Which of motivational package is most important for improving job performance?

### **1.5 Significance of the Study**

The study will be of immense benefit to the employees of TPB, management of TPB,

students and academicians in the FBM especially students of HRM in that it will highlight how the concept of motivation and job performance are valued and understood and the need for all to pay attention to a variety of motivation issues or financial incentives for employees.

The research exposes the researcher to the practical issues of the subject. It enabled her to match theory and in this way that the researcher will better understand more the application of the motivation theories managing Hrs in Banks.

Furthermore, the study will bring to light the different forms of motivation which will inform the design of appropriate measures aimed at bringing out the best in employees with regard to job performance.

Again, the factors leading to high performance as well as causes of low performance will inform management in their decision making. Administrators will be helped through this study to be able to use motivation not just for the sake of it but to know how, when and what type of motivation to use so as to achieve maximum performance of staff.

The findings of this study will assist in the development of effective managerial strategies and policies that can help in improving the administration and realization of TPB goals. Also, the findings will enable the TPB management and banking industry in general to identify the motivational factors and their problems and can use it in the improvement of management concerning employees needs, issues of welfare and motivation of employees and enhance their performance for a better and deliverance of good services.

### **1.6 Scope of the Study**

The study was carried out in TPB, Metropolitan Branch located in Dares Salaam. The

study ought to examine impact of employees' motivation on job performance, what motivate employees to perform and suggest ways of enhancing motivation and job performance in TPB.

### **1.7 Organization of the Study**

The study was presented on five chapters. The first chapter was introduction which covers the background to the problem, statement of the research problem, objective of the study, research questions, and significance of the study, scope of the study and organization of study. Chapter two comprised of conceptual definitions, theoretical literature review, empirical literature review, research gap, conceptual framework and theoretical framework. Chapter three was focused on research methodology which includes research design, study area, population of the study, sample size and sampling procedures, data collection methods, data collection tools, reliability and validity of the data, data presentation and analysis and study expected result of the study. Chapter four covers data analysis, and discussions. Chapter five comprised of summary, conclusions and recommendations.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter focused on definitions of relevant terms, types of motivation, techniques of motivation, determinants of job performance, theories of motivation, empirical literature reviews, research gap, conceptual framework, factors for motivation, strategies for motivation, and relationship between employees' motivation and job performance.

#### **2.2 Conceptual Definitions**

##### **2.2.1 Motivation**

Motivation theory is concerned with what determines goal directed behavior. It is about, how behavior is initiated by needs and by expectations on the achievement of goals which will satisfy those needs, how the achievement of goals and /or feedback on their achievement reinforces successful behavior and how belief in one's ability to carry out a specific task will actuate behavior which is expected to achieve the successful performance of that task (Armstrong, et al., 2004).

According to Hoy and Miskel (1987), employees' motivation is the complex forces drives, needs, tension states or other mechanism that starts and maintains voluntary activity directed towards the achievement of personal goals.

Mullin (1996), refers motivation to the forces within a person that affect his or her direction, intensity and persistence of voluntary behavior. He added that motivated employees are willing to exert a particular level of effort (intensity), for a certain amount of time (persistence) toward a particular goal or direction.

Motivation is a decision making process, through which the individual chooses the desired outcomes and sets in motion the behavior appropriate to them. Motivation can therefore be thought of as the degree to which an individual WANTS and CHOOSES to engage in certain behavior (Matoka, 2011).

### **2.2.2 Types of Motivation**

Motivation at work can take place in two ways:

**Extrinsic motivation.** This refers to what is done to and for people to motivate them. It arises when management provides such rewards as increased pay, praise or promotions (Armstrong, 2006). Extrinsic motivation is a behavior that is influenced by external rewards. Praise or positive feedback, money, and the absence of punishment are examples of extrinsic motivation (Deci, 1980).

**Intrinsic Motivation.** This is derived from the content of the job. It can be described as the process of motivation by the work itself in so far as it satisfies people's needs or at least leads people's to expect that their goals will be achieved. Intrinsic motivation is self generated in that people seek the type of work that satisfies them. The factors affecting intrinsic motivation include responsibility (feeling of the work is important and having control over one's own resources, freedom to act, scope to use and develop skills and abilities, interesting and challenging work and opportunities for advancement (Armstrong, 2006).

### **2.2.3 Techniques of Motivation**

According to Gupta, (2005), he mentioned two main approaches to motivation as explained below.

### **Carrot and stick Approach to Motivation**

This approach is based upon the old belief that the best way to get work from a person is to put a reward (carrot) before him or to hold out the threat of punishment (stick). Carrot is the reward for working and stick is the punishment for not working. Under carrot and stick approach, employees who perform the task well are given rewards in the form of bonus, pay raise and promotion. While employees avoiding work (showing undesired behavior) are given punishment in the form of demotion, termination from service, transfer and to an unpleasant job. Employees who adopt this approach believe that a person seeks employment because he expects to earn money with the help of which he can satisfy the needs of himself and of his family.

He knows that if he does not perform his job satisfactorily he will lose his job. Stick pushes people to engage in positive behavior or to avoid negative behavior. Carrot and stick approach is, therefore a reward and punishment system for motivating employees.

Steps which may be taken to make the carrot and stick approach more effective:

- (a) Reward (carrot) is more effective motivator when it is directly linked with performance. Accurate and unbiased appraisal of performance consistent (equitable) reward structure and prompt payment of reward are also helpful in improving the effect of reward.
- (b) Punishment (stick) is more effective if applied at the time when the undesirable behavior actually occurs.
- (c) Punishment should be administered with extreme care so that it does not become a reward for undesirable behavior.
- (d) Punishment should be used to modify the behavior and to force person to adopt desirable behavior, which is rewarded.

- (e) The mixture of reward and punishment should be judiciously applied to reinforce desirable behavior patterns.

### **Motivation through Job Enrichment**

Job enrichment is a non-financial technique of motivation. It is an outgrowth of Herzberg's two factor theory of motivation. It is based on the assumption that factors surrounding the work are not effective motivators of behavior. In order to motivate employees the job itself must provide opportunities for achievement, recognition, responsibility, advancement and growth. Job enrichment is an attempt to design job in such a way as to build in the opportunity for achievement, recognition, responsibility and personal growth. It provides a worker greater autonomy and responsibility in carrying out a complete task and with timely feedback on his performance (Gupta, 2005).

Job enrichment involves designing jobs with variety of work content that requires a high level of knowledge and skill. It provides a meaningful work experience and greater responsibility for planning and controlling his/her own performance. It requires decentralization of decision making authority to the worker. The task is redefined, restructured and broadened in scope and responsibility. The worker gets the freedom and discretion in scheduling his work (Gupta, 2005).

Job enrichment is said to be a key to higher motivation and productivity. It removes the labor management distinction. It creates a self-managed job where the worker himself plans and controls his tasks. It offers job satisfaction in the whole man (Gupta, 2005).

#### **2.2.4 Job Performance**

According to Daniel et, al. (2002), job performance can be defined in terms of whether



employees' behaviors contribute to organizational goals. Performance can be seen as an individual, group, or organizational task performance. Organizations have a vital need to understand how to improve employee's performance, and therefore they try to find an explanation as to why employees fail to perform (Muchinsky, 1993). Employee performance can be defined as an employee ability to accomplish tasks assigned to him or her in an organizational context (Arverty& Murphy, 1998).

Motowildo et al., (1997), says that performance is behavior with an evaluative aspect. This definition is consistent with the dominant methods used to measure job performance, namely performance ratings from supervisors and peers (Newman et al., (2004). One further element of performance is that the behaviors must be relevant to the goals of the organization (Campbell et al., 1993).

There are numerous causes that affect the level of performance. Korman (1971) considers internal determinants as very important factors that affect job performance. Internal determinants are divided into two main aspects. The first aspect is the skills and abilities for a given job that the employee has. The second aspect is the role perceptions or the requirements for a job as an influence on work performance. This means that if one perceives his/her job role accurately, he/she would be considered as an adequate performer. Conversely, the one who does not perceive the requirements of the job would be considered as ineffective (Korman, 1971).

In addition to the internal factors that affect employee performance, other factors that relate more to the *external environment* determine the adequate performance of the employees. Work conditions are an example of the external environmental factor that influences the level of performance.

Another reason that influences performance can be communication. Sometimes managers fail to communicate specifically what employees need to improve and why, which can lead to decreased performance. Motivation is necessary for performance. It makes workers to perform well and put more effort to work. Motivation reduces the rate of absenteeism and encourages stability/ loyalty with an organization. Its make people to adapt to organizational changes (Saleemi, 1997).

### **2.2.5 Determinants of Job Performance**

Job performance is a critical antecedent of performance management. A job consists of a number of interrelated tasks, duties, and responsibilities which a job holder needs to carry out, whereas performance is a behavior or action that is relevant for the organization's goals and that can be measured in terms of the level of proficiency or contribution to goals that is represented by a particular or set of actions (John Campbell, 1988). This implies that job performance involves certain functional as well as behavioral competencies. The factors tend to impact job performance are as follows:

**Knowledge.** Knowledge is the acquaintance with facts, truth or principles, as from study or investigation. Knowledge provides a tool to an employee to carry out tasks and activities in the organizational context. However, knowledge can be categorized as either declarative knowledge which is concerned with what an employee knows, or procedural knowledge that refers to what an employee can do (A. Kohli, 2008).

**Motivation of the employees.** A mere possession of knowledge or the ability to perform a given job cannot guarantee job performance, if the employee lacks the motivation to perform. Only motivated employees will make a concerted effort to perform. Individual employees may be motivated either based on individual factors like recognition and

driving needs, or organizational factors for example enabling culture, feedback environment, existence of effective performance management leadership's support and encouragement (A.S. Kohli, 2008).

Feedback. Employees tend to perform well at their jobs if they are provided with feedback that is meaningful and constructive. Such feedback helps employees identify areas of improvement and they tend to work harder to overcome the performance gaps. Existence of feedback oriented workplace environment is crucial to improve performance of employees on an ongoing basis (A.S. Kohli 2008).

Leadership. Leadership has a profound influence on the employee's morale and motivation and organizational culture. Many times, top leaders had to leave their organizations, not because they did not have the job knowledge or skills, but failure to set right the organizational culture. Effective leaders tend to solicit employees involvement in steering their organization forward. They encourage suggestion, trust them, encourage taking risk and elicit full mental participation of their employees in improving organizational performance. (A.S. Kohli, 2008).

Personality. Personality is the key dimension of behavior, and behavior is a foundation performance of employees. However, personality is shaped by various endogenous and exogenous factors. Indeed, personality influences the behavior and impacts employees' job performance (A.S. Kohli, 2008).

### **2.3 Theoretical Literature Review**

This part focused on various theories of employee motivation in relation to job performance.

### **2.3.1 The Hierarchy of Need Theory**

Maslow hierarchy of need as a theory in psychology proposed by Abraham Maslow in his 1954 book Motivation and personality.

Maslow hierarchy of need is often portrayed in a shape of pyramid (Maslow, 1954) with the largest and most fundamental level of needs at the bottom, and the need for self actualization at the top. In ascending order, beginning with the most basic need, the needs are psychological, safety, social, esteem and self actualization needs. According to Maslow, people are motivated to satisfy the lower needs before they try to satisfy the higher need.

#### **(i) Psychological Need**

Psychological needs are literal requirements for human survival. Air, food and water are metabolic requirements for survival for all humans. An individual to satisfy these psychological needs is greater than the drive to satisfy any other type of need. These needs are satisfied through the wages and salaries paid by an organization (Maslow, 1954).

#### **(ii) Safety Need**

With their physical needs relatively satisfied, the individual's safety needs take precedence and dominate behavior. In the absence of physical safety – due to war, natural disaster, family violence, childhood abuse, etc. – people may (re-)experience post-traumatic stress disorder or trans generational trauma. In the absence of economic safety – due to economic crisis and lack of work opportunities – these safety needs manifest themselves in ways such as a preference for job security, grievance procedures for protecting the individual from unilateral authority, savings accounts, insurance policies, reasonable disability accommodations, etc. Safety and Security needs include: Personal security, financial security, Health and well-being, Safety net against accidents/

### **(iii) Love and Belonging**

Human need to feel sense of belonging and acceptance, weather it comes from a large social group, such as clubs, office culture, professional organizations, sport teams or small connections (family members, inmate partners, mentors, confidents).They need to love and be loved by others (Maslow, 1954).

### **(iv) Esteem Need**

According to (Maslow, 1954), all humans have a need to be respected and to have self esteem and self respect. Esteem presents the normal humans desire to be accepted and valued by others. People need to engage themselves to gain recognition and have an activity or activities that give the person a sense of contribution, to feel self valued, be it in a profession or hobby.

### **(v) Self Actualization Need**

(Maslow, 1954), describe that what a man can be, he must be. This form the basis of the perceived need for self actualization. Maslow describes this desire to become more and more what one is, to become everything that one is capable of becoming. One can achieve this not through promotions but by mastering his/her environment and setting and achieving goals (Maslow, 1945).

Maslow theory makes three important contributions. Firstly, he identifies important need categories which can help managers to create effective positive reinforces. Second contribution is that, the theory is helpful to think of two general levels of needs, in which lower level needs must be satisfied before higher level needs become important. Third, Maslow sensitizes managers to the importance of personal growth and self actualization. However, Maslow theory has some problems. There is lack of hierarchical structure of

needs as suggested by Maslow. Naturally, every person has to satisfy his needs in some order. The order may not follow Maslow's need hierarchy. Some people may be deprived for their lower needs but may try for self actualizing needs. However, some people regard self esteem as more important than social needs. They had seen self- assertion as means to an end-love need. There is considerable disordering among physiological needs, safety needs, social needs and esteem needs particularly in organizational context (Rollison, et.al, 1998).



**Figure 2.1 Maslow's Hierarchy of need**

**Maslow (1954)**

### **2.3.2 Herzberg Two Factor Theory**

Frederick Herzberg introduced his Two Factor Theory in 1959. Herzberg argue that, lower-order needs, or hygiene factors, are different from higher- order needs, or motivators.

#### **(i) Hygiene Factors**

A series of hygiene factors create dissatisfaction if individual perceive them inadequate or inequitable, yet individuals will not be significantly motivated if these factors are viewed

as adequate or good. Hygiene factors are extrinsic and include factors such as salary or remuneration, job security, interpersonal relations, working conditions, technical supervision and company policies and administration. Herzberg maintains that, adding more hygiene factors to the job is a very bad way to motivate because lower order needs are quickly satisfied.

### **(ii) Motivators**

Motivator factors are based on individual's needs for personal growth. When they exist, motivator factors actively create job satisfaction. If they are effective, then can motivate an individual to achieve above – average performance and effort. These motivators are intrinsic factors such as a sense of achievement, recognition, responsibility, personal, status, growth and the work itself.

Herzberg (1954) further contends that, the core of motivator is the nature of job or task. Motivators will not be readily present unless the job itself is interesting, challenging and meaningful. Herzberg sees the solution to the motivation problem is the design of the job itself, so that motivator factors can take effect. He suggests three ways in which this could be done especially through job enrichment, job rotation and job enlargement.

This theory is relating with my study in a sense that is popular with managers. The theory gives a fair refined way of thinking satisfaction and dissatisfaction at drawing attention to all important topics of job design as a way of providing condition which are potential motivating (Rollison, et al., 1998).

### **2.3.3 McClelland's Achievement Theory**

This is another theory of employee motivation proposed by David in his 1961 book, "The

Achieving Society”. David identified three basic needs that people develop and acquire from their life experiences.

### **Need for Achievement**

People with a high need for achievement strive for success, are highly motivated to accomplish a challenging task or goal. Prefer tasks that have a reasonable chance for success, and avoid tasks that are either too easy or too difficult. There is a strong need for feedback as to achievement and progress, and a need for a sense of accomplishment. The people who have a high achievement need likes to take personal responsibility (David, 1961).

### **Need for Affiliation**

A person who has a high need for affiliation needs harmonious relationship with people and needs to be accepted by other people. McClelland further contend that people with a strong need for affiliation are highly motivated to maintain strong and warm relationships.

### **Need for Power**

A person who has need for power wants to direct and command other people. McClelland maintains that people with high need for power enjoy roles requiring persuasion. Most managers have high need for power.

According to David McClelland (1961), individual can have a need to get ahead to attain success, and to reach objectives. He further added that, the characteristics of high achievers are like situation in which they take personal responsibility for findings solutions to problem, and they want to win based on their own efforts not due to luck or chance. High achievers want concrete feedback on their performance. They use the information to modify their act. They tend to be loners and not team players and have little empathy for others.



### **2.3.4 Vroom's Expectance Theory**

This theory was developed in 1964 by a scholar named Vroom. The theory built on the assumption that individuals have expectations about outcome that may manifest them as a result of what they do. Another assumption is that, individuals have different preference for different outcome.

Vroom (1964), suggest that individuals are motivated to perform if they have perception that their effort will result in successful performance. Furthermore, in order to be motivated individual must expect or believe that successful performance will result in desirable outcome.

In the light of Vroom (1964), three variables are involved in the motivation process.

- (i) Expectancy. This is the effort a person makes to obtain a first level outcome. It is influenced by his/her expectancy that the outcome will be realized.
- (ii) Instrumentality. In the light of this theory, reaching a first level outcome may in itself not mean anything to a person. It may however, be instrumental in reaching a second level outcome or reward.
- (iii) Valence. This refers to the expected satisfaction that will follow an outcome rather than the immediate satisfaction it (Vroom, 1964).

The Vroom theory of employee motivation has been subjected to degrees of empirical testing. It contributes a lot to the study. There is criticism that the theory is hard to apply in a practical way (Miner, 1980).

### **2.3.5 Equity Theory**

This theory was propounded by John Stacey Adams in 1963. In this theory, Adams, asserted that employees seek to maintain equity between the inputs and they bring to a job

and the outcomes that they receive from it against the perceived inputs and incomes of others.

Adams (1963), there is a belief that, people value fair treatment which causes them to be motivated so as to keep the fairness maintained within the relationship of their co-workers and the organization. The structure of equity in workplace is based on the ratio of inputs to outcomes. According to this theory, individuals are motivated to reduce perceived inequity. Anger is induced by underpayment inequity (Adams, 1965).

According to Adam (1963), inputs typically include time, effort, loyalty, hard work, commitment, ability, adaptability, flexibility, tolerance determination and enthusiasm. The typical outcomes include job security, salary, employee benefits, a sense of achievement, praise and thanks.

Equity theory is straight forward. It plays a great role on explaining the importance of fairness in terms of equity at work place. For instance, employees in the organization have tendency to compare themselves what they contribute and what they are paid. However, employees working in the organization can be paid differently, and this may becomes as a means of motivator. Therefore is a critic to this theory. The theory also has important in the job design and reward system.

### **2.3.6 Reinforcement Theory**

Behaviorist B.F. Skinner derived the Reinforcement Theory, one of the oldest theories of motivation as way to explain behavior and why we do what we do. The theory may also be known as behaviorism or operant conditioning which is still commonly taught in psychology today (Management Study Guide 2013).

The theory state that, those employees' behaviors that lead to positive outcome will be repeated. And behavior that leads to negative outcomes will not be repeated. Managers should therefore positively reinforcement to yield the best results, and the reward should immediately follow performance so that so that the employees can effectively associate the reward with performance, Skinner (1974).

This theory plays a great role on relating reward to perform which is perceived to be powerful and widely used in the management approach to employees motivation at work place which is incorrect, because employees at work place are not only motivated by money, but also with a combination of many variables based on individual, management and organizational levels.

## **2.4 Empirical Literature Review**

This part aimed at explaining the various past studies in relation to my research.

### **2.4.1 Empirical Studies in the World**

Orpen (1997), conducted study on the effect of formal mentoring on employee work motivation, organization commitment and job performance in UK. The study revealed that mentoring can improve employees' attitude without necessarily raising their performance. The study mainly focused on the aspect of mentoring on performance. It neglected the aspect of motivation on job performance which my study intends to address.

Okan, v. Safakli and Mustafa, E. (2012), conducted a study on Universality of Factors motivating employees in Banking Sector of Northern Cyprus. Their study revealed that the most important factors motivating employees are equitable wage and promotion, extended health benefits and working environment. Furthermore, when compared with a similar

study in Finland, it is found out that the most important factor motivating employees in both countries is wage.

This study shows the gap of place where it conducted in a developed country while a researcher study is focused in banking sector located in Tanzania as a less developing country.

Abdul Hakeem (2008) conducted a research focused on the relationship between motivation and job satisfaction on employee performance in University of Utera Malaysia. The Thesis found that job satisfaction has significance positively influence to the employee performance rather than motivation. In this study, there is a gap of time of 6 years to date.

Gure, Naima Abdullahi (2010), also researched on the impact of motivation on employee performance at Nationlink Telecom Somalia. On her thesis she found that motivation has strong positive influence on employee's performance rather than job satisfaction. Satisfaction has low significant on employees performance. However, the study concluded that motivation among support staff contributes more to the employees' performance of support employees of Nationlink Telecom Somalia.

There is an industrial gap from the fact that it was conducted in Nationlink Telecom which provides telecommunication services, while the selected bank provides financial services.

Uzma Ghaznav (2011), conducted study on the employee motivation on job performance. The purpose of his study was to determine the importance of employee motivation on Faysal Bank in Karachi, Pakistan. Uzma in his study found that 50% of his employees

were not happy about their salary. That is to say salary was no given priority to employees, though employees were satisfied with their job security. There is a gap of financial incentives and fringe benefits.

#### **2.4.2 Africa Related Studies**

Thomas Owusu (2012) conducted study on the effect of motivation on employee job performance. The purpose of his study was to analyze and determine the motivational package that influences the performance of employees at Ghana commercial Bank. The bank achieved its corporate goals as well as employee job performance simply because the company was using extrinsic motivation package which covers periodic enhanced salaries to employees, fringe benefits and promotions. The study had a gap because the study was conducted in different organization background as compared to one in question.

Karanja Silvana (2012) conducted a research on the Effects of reward system on employees performance in Cooperative bank headquarter in Nairobi, Kenya. The study adopted explanatory research design. The target population was employees of Cooperative

Bank of Kenya. The result from his study revealed that motivation, creativity, job satisfaction and team work had a positive and significant effect on employee performance. The gap of this study can be seen as it is focused on the effects of rewards system on employee performance in cooperative bank in Nairobi while a researcher study focused on the impact of employee motivation on job performance on Tanzania Postal Bank.

Insimire Patricia (2011) researched on the Motivations and Sales performance of employees the case of Niko Insurance Uganda. The objective of her research was to establish the relationship between employee motivation and sales performance. From her

findings, it revealed that, there was various motivation techniques used by NIKO Insurance which include promotion, delegation of authority, participation in decision making, bonus and commission to good performers. It was also discovered that Niko sales performance was greatly affected by the quality of supervision, increased employee commitment, level of education, condition under which they perform their duties, the quality and management of operations and the number of hours worked.

The above study shows that, there is industrial gap from the fact that it was conducted in Niko Insurance which provides insurance services, while the selected bank provides financial services. However, non-financial rewards like job security and recognition were not given attention.

Nchorbune Dominic Abonam (2011) conducted a research on the Roles of Motivation on employee performance in university for development Studies-WA Campus. He found that motivational packages available to employees in the university were largely inadequate. Hostile environment within the university were not promoting efficient work. Since workers were found to be poorly motivated, this resulted into poor attitude towards work, lateness to work, absenteeism and indiscipline hence poor job performance.

There is a gap in this study conducted by Nchorbune because his research was of motivation and employee performance, but was done in University which is quite different to banking sector.

Opu Stella (2008) did a research focusing on motivation measures and improving workers performance in Kitgum district in Uganda. She found that, workers were not performing well in Kitgum district because salaries and allowances at the district were very

inadequate and not able to meet people's basic needs. Team work was not there between managers and subordinates which also hindering good performance. However, intrinsic motivators such as achievement, advancement, responsibility and recognition were identified to be well expressed in the district.

There is gap in this study because some incentives seem to be in place, but on the other hand some incentives were inadequate for the district to perform.

#### **2.4.3 Tanzania Related Studies**

Muhimbili University of Health and Allied Science (2012) conducted a study on the "Influences on the Motivation, performance and Job satisfaction of Primary Health Care Provider in Rural Tanzania. The aim of the study seeks to improve the quality of Maternal and Neonatal Health (MNH) provider motivation, performance and job satisfaction.

The findings were that, the influences on MNH provider motivation, performance and satisfaction are shown to be complex and to span different levels. Variations in the use of term and concept pertaining to motivation are revealed, and further clarification is needed. The study however, highlights the complex and spans different levels of motivation and performance and provides suggestion for its improvement.

There is an industrial gap conducted on this study because it focused on Health and allied Science while the selected Study is focused on banking sector.

Kingazi (1986) conducted a study on the Understanding of the Impact of Incentives and Motivation on Productivity at Tanzania Sisal Industry in Morogoro and Tanga regions. He found that the problem of declining productivity has not only been caused by non-

provision of incentives, but also by the nature, frequency and amount of incentives provided to workers.

There is a gap in this study conducted by Kingazi because his research was of motivation, but was done in the sisal industry which is of agricultural sector of is quite different to banking sector.

Newaho E. Mkisi (2008) conducted a study focused on Application of Human Resource Management Initiative for Workers Motivation and Organization performance in Telecommunication sector in Tanzania. She used empirical evidence from three telecommunication companies Tanzania. Her study found that the gap between public and private has narrowed. That is to say, both public and private companies provide all the incentives such as job security, fringe benefits, and salaries benefits to motivate its workers. She also found that the difference in performance between public and private companies is not because of incentives structure but rather than the performance management system practices (strategic planning, clear organization mission, training sanction, workers job description clear compensation policy and mentoring and performance appraisal). There is an industrial gap conducted by Newaho because it focused on telecommunication services while the selected bank focusing on financial services.

Wilfred, U. Lameck (2011) conducted study on Non financial motivation as a strategy for improving performance of police force a case study of police force headquarter in Tanzania. He used purposive sampling to select the key informants for interview and stratified simple random was used to ensure representation of respondents from different strata. His study revealed that employees are quite positive towards the use of monetary



incentives in the work place and can be effective in motivating them and can be used to compliment monetary incentives.

His findings suggest that non monetary incentives may have a high motivating power in this organization if they are valued highly by the employees and management.

There is a gap in this study because it is focused on police force while the selected study is focusing in banking sector.

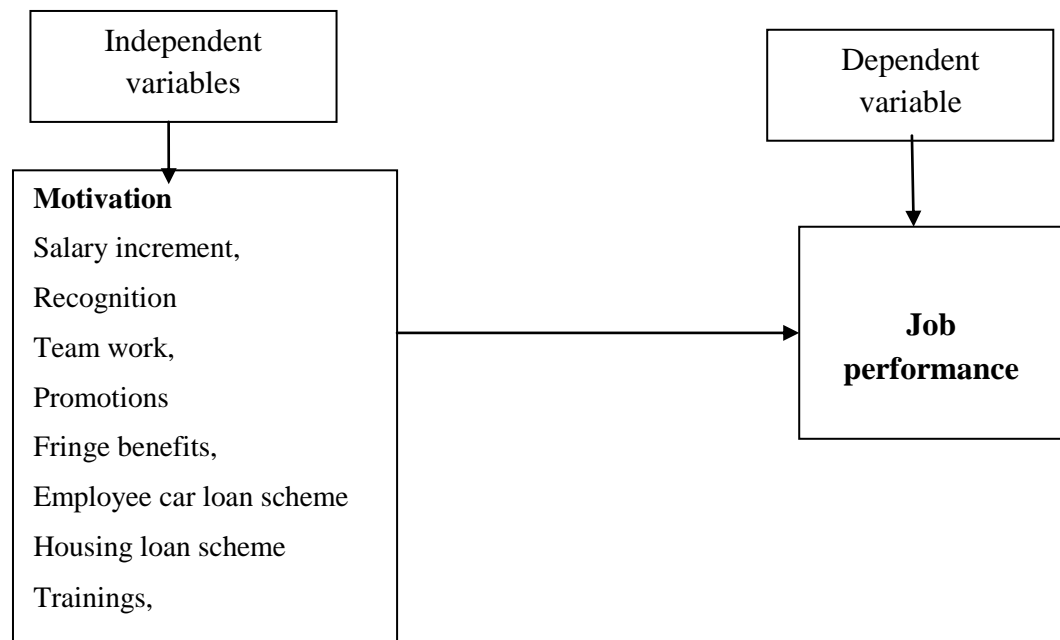
Mtagwa, A.R. (1990) also conducted a study on Workers Motivation in Tanzania public and private enterprises. He concluded that the problem of workers lack of motivation is caused by lack of proper identification of workers needs. Workers in private enterprises were more motivated to work than those employed in public enterprises.

There is a gap of time whereby the study was conducted 23 years ago.

## **2.5 Research Gap**

From the above discussion, it can be seen that much has been done on employees' motivation. Kingazi (1986) conducted a study on the Understanding of the Impact of Incentives and Motivation on Productivity at Tanzania Sisal Industry in Morogoro and Tanga regions, Mtagwa, A.R. (1990) also conducted a study on Workers Motivation in Tanzania public and private enterprises. The research revealed various findings and some of the findings are contradicting because researchers have focused on different variables, organizations and even countries. However, the question remains, why do organizations still experience motivational problems which result in decreasing the degree of organizational performance. In addition, some of the incentives motivators seem to be in place while other incentives are missing thus the study establishes the research so as to fill the gap.

## 2.6 Conceptual Framework



**Figure 2.2 Conceptual framework of the study**

**Source: Own developed model**

## 2.7 Theoretical Framework

As indicated in figure 2.2 in the conceptual framework the two variables are interrelated and there is no way you can separate them. Dependent variables are variables that researcher will measure in order to establish change or impact created on them.

From the conceptual frame work above, recognition is the most important and effective incentives for improved performance. According to (Ricks et al., 1995) recognizing self motivated, self managed and highly productive individual will encourage and help the continuation and development of the above features in the employees which will resultant set for an example for others to follow. However, recognition is the appreciation of performance by the organization of an act done by the team member. Recognition has two essential goals: firstly is to encourage the employees or team to repeat or continue the behavior and secondly is to encourage other employees to do the same.

Praise, however should be given judiciously- it must be genuine related to real achievements. Financial; rewards, especially achievement bonuses awarded immediately after the event, are clearly symbols of recognition to which tangible benefits, and this is an important way in which mutually reinforcing processes of financial and non financial rewards can operate.

Most of the team recognition plans fall into celebrating organizational objectives habitually an event, designed to acknowledge the successful performed of important company goals. Recognition, either informal (oral) or formal (written remarks and events) has been the most effective way to strengthen required for performance within an organization. However, when recognition is acting in isolation of compensation and equity reward its frequently loses much of its appeal.

Salary increment as indicated from the figure above figure is also a factor influencing employee motivation. Once an employee salary has been increased, life's become much easier in the sense that you will be able to accomplish with the increment. Salary increment gives employees a sense of being recognized for his/her effort and so he/she will be automatically reflecting that in his or her performance.

Promotion is always a dream of an employee in any organization. Some workers succeed in fulfillment of their dream whereas the others do not the reason behind this success or failure is their performance.

Heads of organization, should promote their employees grades on the basis of their performance making the right evaluation. This only provides them with satisfaction but also encourage a healthy competition among the workers benefiting the organization and making it distinguished among competitors (Ricks, et al, 1995).

Job Security. If an employee is sure of his/her present job, he will be having inner peace that will restrict you from wondering and you will be able to develop more interest in the performance of the job

Team work is used across many different organizations in order to increase performance, employee unity and company culture. Teamwork is important due to the problem-solving synergy gained from multiple minds working on a solution. By using teamwork, team members pool their collective ideas together to generate unique ideas for dealing with problems.

However, teamwork is the backbone of effective communication within a company. When employees work as individuals or independently on projects, they may not readily share knowledge or new information. Teamwork promotes conversation between employees regarding the task at hand, possibly preventing employees from working in opposite directions. Cohesion is also an important by product of teamwork within a company. This cohesion could be the result of increased chemistry, trust or both from working on projects as a team.

Moreover, when employees work together as a team within a company, every employee learns from one another. This knowledge is not limited to the personal experiences of coworkers; employees from different departments may learn information from each other regarding the limitations and possibilities of those departments.

## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discussed the methods that were used in collecting data required for the study. The chapter was organized into eight sections. Section one was research design, this section shows a particular design of the research to be conducted. Section two was area of the study; this is referred to a place where research was conducted. Section three was study population which includes total population to be in research for data collection. Section four was sample size and sampling procedures, section five was data collection methods. Section was data collection tools. Section seven was reliability and validity of data and section eight was data presentation and analysis, section eight was expected result of the study.

#### **3.2 Research Design**

The research is a case study research design as it is more preferable design because research is being conducted in a particular small area. This research aimed at finding out the impact of employee motivation on job performance. The reasons for adopting case study was that, a case study is the comprehensive, descriptive and analysis of situation, It was flexible in respect to data collection, it saved time and money and it enabled to study deeply and thoroughly different aspect of the events.

Furthermore, it will provide qualitative results for data analysis and interpretation (Sekaran, 2003). Also case study can be worthwhile way of exploring existing theory (Saunders, et al., 2003). More over the reason for selecting TPB as a case study is that, the organization has been established for a long time now having branches in almost all region

of the country but its level of performance is not well achieved. Therefore, TPB bank was selected so as to find out the impact of employee motivation on job performance.

### **3.3 Area of the Study**

The study was conducted in DSM, where information was collected at TPB head office along Samora Road and Metropolitan Branch located at the junction of Makunganya and Azikiwe Road.

### **3.4 Study Population**

In this study, one organization was selected, that is TPB for the purpose of generating required information. The respondents were senior management officials, supporting staffs and bank clients. Purposive sampling procedure was used to cover senior management officials at TPB and simple random sampling procedure was employed to cover supporting staff and clients in the organizations. Purposive sampling refers to selection of only those elements of which was believed to be able to deliver required data and was used in the study because the study assume that these people are knowledgeable and have skills necessary for giving information required whereas Simple random sampling is the probability sampling where all members in the population have an equal chance of being selected and it was applied in the study because everyone in the study was expected to give required information as they are randomly selected both male and female respondents.

### **3.5 Sample size and Sampling Procedures**

A sample of 100 respondents was used in the study. Within the sample size there were key informants who were Director of HRM, Director of Finance, Public Relations Manager from TPB head office as well as Branch manager and branch Finance Officer from TPB

Metropolitan Branch, and these key informants were selected by purposive sampling procedure. Furthermore, 36 bank officials from Metropolitan and finance department was selected randomly by simple random sampling methods, 10 bank clients was be selected from Metropolitan branch by simple random sampling method, 10 individuals were selected also by simple random sampling method and 39 working staffs from TPB head office by simple random sampling method. Bank clients who selected were those who visited the branch for different purposes and they were given the questionnaire for their kindly response. Lastly individual citizens were selected randomly for the purpose of acquiring general public opinions and views.

**Table 3.1 Sample Size**

<b>SN</b>	<b>RESPONDENTS</b>	<b>NUMBER</b>	<b>TECHNIQUE TO BE USED</b>	<b>TOOL TO BE USED</b>
<b>1</b>	Key Informants	4	Purposive sampling	Interview
<b>2</b>	Branch Manager	1	Purposive sampling	Interview
<b>3</b>	Bank Official ( Branch)	36	Simple random sampling	Questionnaires
<b>4</b>	Head Office Staffs	39	Simple random sampling	Questionnaires
<b>5</b>	Bank Clients	10	Simple random sampling	Questionnaires
<b>6</b>	Individual	10	Simple random sampling	Questionnaires
<b>Total</b>		<b>100</b>		

**Source: Researcher**

### **3.6 Data Collection Methods**

During the study, both primary and secondary data were used. The method that was used to collect primary data was self designed questionnaire and conducting interviews. In

collecting of secondary data various books, journals, articles and library were used. Secondary data was used because they broaden the data base from which specific generalization can be made and data can be collected quickly provided that there were access of where they are, thus secondary data are helpful in verifying the findings based on primary data.

### **3.7 Data Collection Tools**

Both primary and secondary data were used in collection of data.

#### **3.7.1 Questionnaires**

In Primary data Open ended and closed ended questions were used as in presentation in appendix 2. The selected respondents answered both open –ended and close- ended questions. Questionnaires were administered to employees of TPB, bank clients and other individuals associating with TPB. For this research, the researcher herself delivered the questionnaires. She gave the respondents 100 questionnaires and waited until the respondents had filled them. However, only 91 out of 100 questionnaires were answered and returned to a researcher.

Questionnaires was used for the study because questionnaires were cheap to administer to respondents scattered over larger area also participants felt free to explain their opinion, also questionnaire avoid interviewer bias and there was uniformity of response in closed ended questions, it also guaranteed anonymity and respondents had enough time to answer questions at their own time thus there were some accuracy in response. (Kothari, 2004), defined questionnaire as a method of collecting data which uses a set of questions for collecting data. Questionnaires was also used in the study because information can be collected from a large portion of group and have standardized answers to compile data.



### **3.7.2 Interview**

Interviews were conducted with the key informants of TPB. This method involved contact between the researcher and respondents (key informants). Researcher and respondents were involved in a question- answer situation with the aim of eliciting necessary information. It is here that interview guides were applied.

Moreover interviews were conducted for guiding questions to be used. Interview was conducted at TPB where there was applicability of respondents and collection of data. Interview was used by the reasons that interview was flexible and some few questions would need the flexibility and justifications, high response rate was considered in interview and completeness because through interview the data collected can be sure with the completeness of the questions.

### **3.8 Reliability and Validity of the Data**

According to Carmines & Zeller, (1979), reliability of a research instrument concerns the extent to which the instrument yields the same results on repeated trials. Although unreliability is always presents to a certain extent, there will be generally is good deal of consistency in the results of a quality instrument gathered at a different times. The tendency toward consistency found in repeated measurements is referred to as reliability.

Charles, (1995), defines reliability to the notion that consistency with which questionnaires items are answered or individuals scores remain relatively the same can be determined through the test-retest method at two different times.

Validity can be defined as the degree to which a test measurement measures what it is supposed to measure (Carmines & Zeller 1979). To ensure both internal and external validity, accurate and up to date literature been have used. However, relevant and right questions were asked in survey and produce valid result.

This study used primary and secondary data so as to investigate the impact of employee motivation on job performance in TPB. The study is qualitative in nature. Interview, questionnaires and various documents were used in collecting the information needed. The result that a researcher was expecting to get during the research will produce the same results that even if other people repeated on same trials. Therefore, the study is considered to be highly reliable.

### **3.9 Data Presentation and Analysis**

The process began by editing interview guides and questionnaires. This was done to ensure uniformity, accuracy and consistency of the questions raised. This was followed by tabulation, which involved arranging data in tables in order to fit a particular statistical test and analysis. The analysis laid emphasis the impact of employee motivation on job performance bearing in mind the objectives of the study.

The researcher thoroughly checked data collected for comprehensiveness, completeness, accuracy and uniformity. Tables were then drawn accordingly to record frequency, distribution and percentages while graphs represented some data for easy comparison.

Furthermore, the collected data were also edited, coded, and analyzed decrepitly manually. Editing means process of examining the collected raw data to enable dictating of errors and omission and correcting mistakes. The basic purpose of editing was to secure a quality standard on the data and it involve inspection and if necessary checking of the retained questionnaire or interview schedules.

Coding the data means the data to be collected will be assigned by numerical or classes (Kothari 1990:153). Alphanumerical code was used to sign letters or symbols and numeric code will be used in assign number during presentation of the data.

Classification was conducted by arranging collected data in groups and classes in the basis of their common characteristics. Data having common traits were putting in one class and were classified according to attributes or class interval.

In tabulation the collected data was summarized and displayed in compact form so that to enable them to be easily analyzed. Lastly was the analysis of the collected data so as to formulate the conclusion.

### **3.10 Expected Result of the Study**

The study was expecting to provide information on the impact of motivation on job performance. In addition, the study showed how job performance changed in TPB as a result of employee motivation which was not previous existed.

## **CHAPTER FOUR**

### **4.0 DATA ANALYSIS AND DISCUSSION**

#### **4.1 Introduction**

The first part of this chapter describes the demographic and social economic characteristics of respondents in terms of age, sex, marital status, education and occupation. The second part of the chapter explains the influence of salary increment for performing a job. Third part of the chapter examines the role of team work for enhancing job performance. However; part four describes the motivational packages for employees of TPB. Part five explains the adequacy of motivational packages to employees of TPB. Part six explains the ways in which motivational packages influence employees of TPB. Moreover, part seven of this chapter explains the effects of motivational packages on work output. Part eight describes the effects of motivational packages on TPB performance. Part nine focused on how often training is done in TPB. The last part of the chapter describes other interview questions conducted between a researcher and key informants.

#### **4.2 Demographic and Social Economic Characteristics of Respondents**

##### **4.2.1 Age of Respondents**

The study was interested to use age because age has influence on the ability to work and ability to conduct business which it influences ability to save and demand for bank services. Age is also used because it has influence on applicability of being a customer for either sending or receiving money. However, the study shows that young people are more motivated to work because most of them are young and fresh from colleges and so they are eager to work. Older people are less concerned with motivation because they are more concerned with health and mentoring others and attached more to job security. In addition, older people are desired more to social status, relaxed working environment and final

benefits after retirement. The study found that there is a positive relationship between age and job performance.

The study showed that many respondents comprise of 57% and were found in age group 28-37. 21% of respondents were of age group 37-48. More over 13% of respondents were found in age group 18-27. Few respondents were found in age group above 48 years with 9%. These are adults and most of them are retired officers and others are those who use bank services for receiving money sent by their children from town and hence, they are not used to go to bank often as they use bank for receiving money sending from their relatives or their pension funds.

**Table 4.1 Age of Respondents**

<b>Age</b>	<b>Frequency</b>	<b>Percentage</b>
18-27 Years	12	13
28-37 Years	52	57
38-47 Years	19	21
Above 48 Years	8	9
<b>Total</b>	<b>91</b>	<b>100</b>

**Source: Study findings**

#### **4.2.2 Sex of Respondents**

The study was interested to use sex in order to get information from both sexes because both sexes have an equal chance of being a bank customer. The result showed that the majority of respondents were 56% which are females and 44% were men. This depicts that majority of people who uses bank services are females who have habit of savings compared to males.

The study revealed that women are more emotionally motivated at work. Consistent support and encouragement for a job done successfully drives women into higher levels of productivity. Men, on the other hand, seek motivation through the success (fruit of their effort) itself, and the power they derive out of accomplishment and promotion (such as a pay raise or elevation in their ranks. In addition, respect is also important aspect of motivator in a working place. This is because a respectful environment is a pre- requisite for working in the organization.

**Table 4.2 Sex of Respondents**

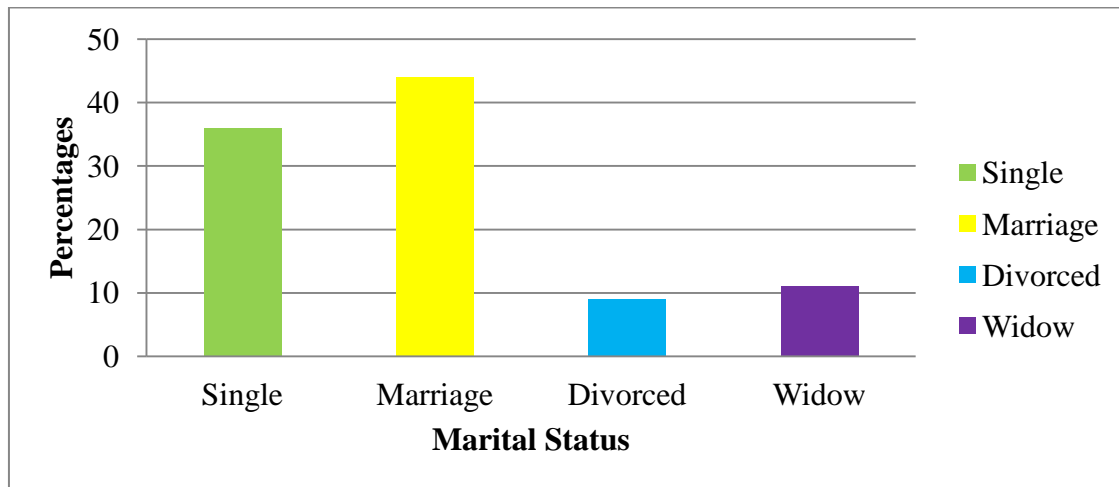
<b>Sex</b>	<b>Frequency</b>	<b>Percentages</b>
Male	40	44
Female	51	56
<b>Total</b>	<b>91</b>	<b>100</b>

**Source: Study findings**

#### **4.2.3 Marital Status**

The study was interested to know the marital status of respondents and the majority of respondents were married. Married people has a great focus on the increased pay and therefore are motivated to work when are getting satisfactory pay. This is because most of the married people have families and dependents that are depending on them. In case of TPB regardless of once marital status, everyone is performing his/her duty accordingly. In today's life everyone is focusing on good pay whether you're single or married.

Therefore, the study showed that majority of respondents were married and comprised of 44% respondents, single respondents were 36% divorced respondents were 9% and widowed respondents were 11% as presented in figure 4.1 below.



**Figure 4.1 Marital Status**

**Source: Study Findings**

#### **4.2.4 Level of Education**

The study was interested in using level of education because saving is linked to higher standard of living and chance of demanding banking services is high. Education also influence the saving behavior of literacy people understands the meaning and importance of saving in banking. Majority of the employees were skilled.

**Table 4.3 Education Level**

Education Level	Frequency	Percentage
Primary	6	7
Secondary	9	10
Diploma	29	32
University	47	52
<b>Total</b>	<b>91</b>	<b>100</b>

**Source: Study findings**

From the findings it was observed that the majority of respondents were university graduates and they were 52%. Diploma level was comprised of 32%. Other respondents were having secondary education which counts 10% and few of them were primary

education and they were 7%. The majority of the sample population is well educated and wealth which makes them potential for using banking services.

#### **4.2.5 Occupation**

The study was interested on occupation because it influences the ability to earn income. Having an income influence and savings led to demand for banking services. Occupation is used in the study in order to analyze the users of banking services. Presently, employees are receiving their salaries through bank accounts. People who are self employed also use bank accounts to transact their business through banking transfer services. Occupation is also used here because it linked with the study. Once an employee is professional knows what to do then possibility of performing the given job is good.

From the study results show that majority of respondents which were 75% were employed with different professionals. Business men were 11%, self employed were 8% and others were 5% and did not disclose their occupation status.

**Table 4.4 Occupation**

<b>Occupation</b>	<b>Frequency</b>	<b>Percentage</b>
Businessmen	10	11
Employed	68	75
Self employed	8	9
Others	5	5
<b>Total</b>	<b>91</b>	<b>100</b>

**Source: Study findings**

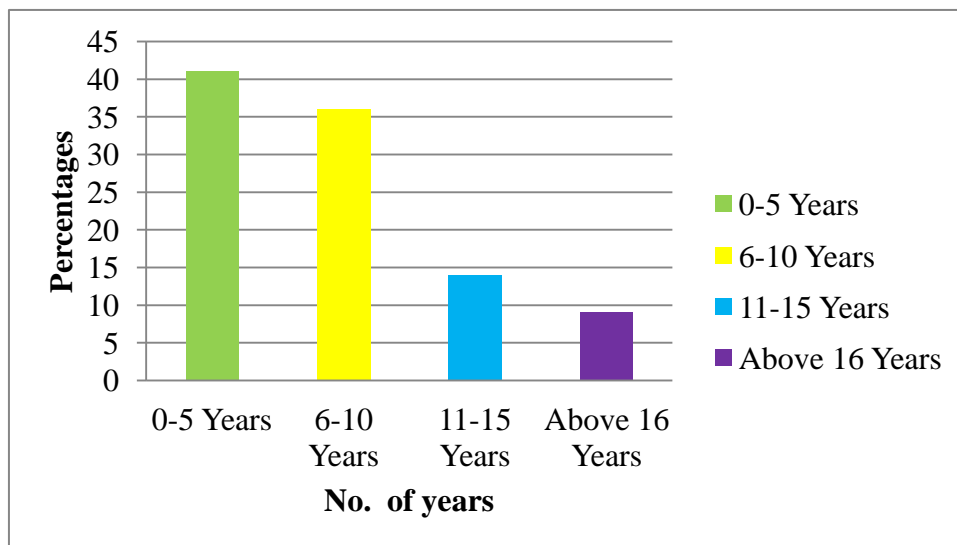
#### **4.2.6 Years of Respondents Working in TPB**

The study was interested to use years of respondents working in TPB because the longevity of employee to stay in the job will determine that employee is satisfied with the motivating factors given to him hence performing well in the organization.



The numbers of years an employee remain in the employment of the bank enhance his/her chances of getting motivated in way one or the other. The goodwill nature of the bank ensuring that employee stay in the job for long years before motivated with a package must be a thing of the past. The educational qualification of the employees and their responsibilities should be considered in the course of promoting employees in taking up higher responsibility.

The study found that majority of the respondents 41% has worked in the bank for 0-5 years. Whereas 36% of respondents have worked in the bank for 6-10 years. 14% of respondents have worked between 11-15 years with the bank and the few respondents were 9% worked for 16 years and above, as it is presented in figure 4.2 below.



**Figure 4.2 Years of Respondents Working with TPB**

**Source: Study Findings**

### **4.3 Influence of Salary Increment for Improving Job Performance in TPB**

The study was interested in examining how salary increment influences the job performance because salary increment is a great motivator for employees' job performance as well as instrumental in satisfying a number of the most pressing needs.

Salary increment motivates employees to work harder, improves staffing and employee retention. Salary increment is significant not only because of what they can buy but also as a tangible method of recognizing their worth, thus improving their self esteem and gaining the esteem of others.

Furthermore, salary increment helps to inspire employees to push themselves to perform better.

When employees of TPB were asked to comment if salary increment influences them to performance the majority of them which is 75% agreed salary increment influences job performance. Few respondents which are 25% did not agree that salary increment influences job performance in TPB. Therefore employees who did not agree suggested that salary increment alone cannot have positive effects on job performance unless it comes along with other motivational packages like promotion, recognition and internal treatment of employee should be treated equally.

**Table 4.5 Influence of Salary Increments for Improving job Performance in TPB**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	68	75
No	23	25
<b>Total</b>	<b>91</b>	<b>100</b>

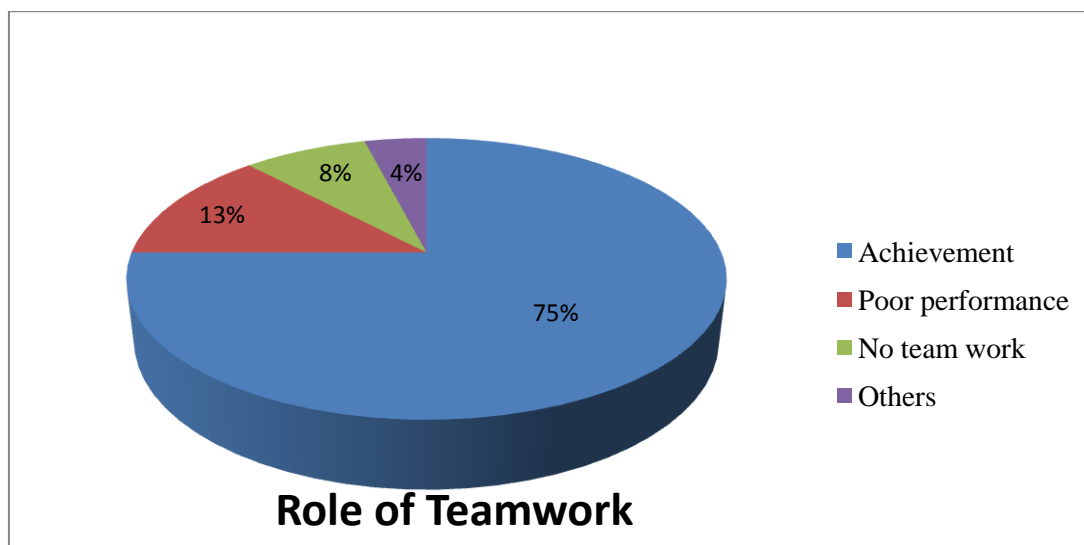
**Source: Findings**

#### **4.4 Role of Team work for Enhancing job Performance**

The study was intended to find out the role of team work for enhancing job performance in TPB because working together as a team improves trust and communication among employees This can contribute to a more open environment in which creativity is

supported and encouraged. However, by working together team members pool their complimentary skills and experience which may improve each employee's individual performance. In turn, improved performance may increase job satisfaction, enhancing employee's self esteem and joy he finds at work.

The study found that the majority of respondents which is 75% commented that the role of team work is achievement in job performance. 13% of respondents suggest that team work leads to poor performance in the organization. 8% of respondents suggest that there is no teamwork in TPB. However, 4% of respondents specify the other means for enhancing job performance rather than teamwork, as it shown in figure 4.3 below.



**Figure 4.3 Role of Team Work for Enhancing job Performance**

**Source: Study Findings**

#### **4. 5 Motivational Packages for Employees of TPB**

The study was interested to know the motivational packages for employees in TPB because motivational package has influence on the performance of employee in a sense that once these packages are provided to them, employees will be satisfied, committed,

and be loyal to the bank. This will result in providing good services to customers and hence job performance. The study showed that 40% of respondents said that salary increment is a great motivator for employees of TPB and also a most important package by ranking order.

However, 26% of respondents said that promotion is a motivational package to employees in TPB hence it is a second most preferred package for employees of TPB. Furthermore 21% of respondents said that recognition is motivational package to employees of TPB and it is a third package preferred by the employees. The study further showed that 9% of respondents said that fringe benefit is motivational package to employees and fourth package in order of priority. 4% of respondents said that employees housing loan scheme is a motivational packages to employees of TPB and it is a fifth package in order of priority. However, when a researcher asked the respondents on how they benefit from motivational packages most of respondents said that they yearly benefits from the above packages and other motivational packages were not found in the bank.

**Table 4.6 Motivational Packages for Employees of TPB**

<b>Motivation Packages</b>	<b>Frequency</b>	<b>Percentages</b>
Salary Increment	36	40
Recognition	19	21
Employee housing loan	4	4
Fringe benefit	8	9
Promotion	24	26
<b>Total</b>	<b>91</b>	<b>100</b>

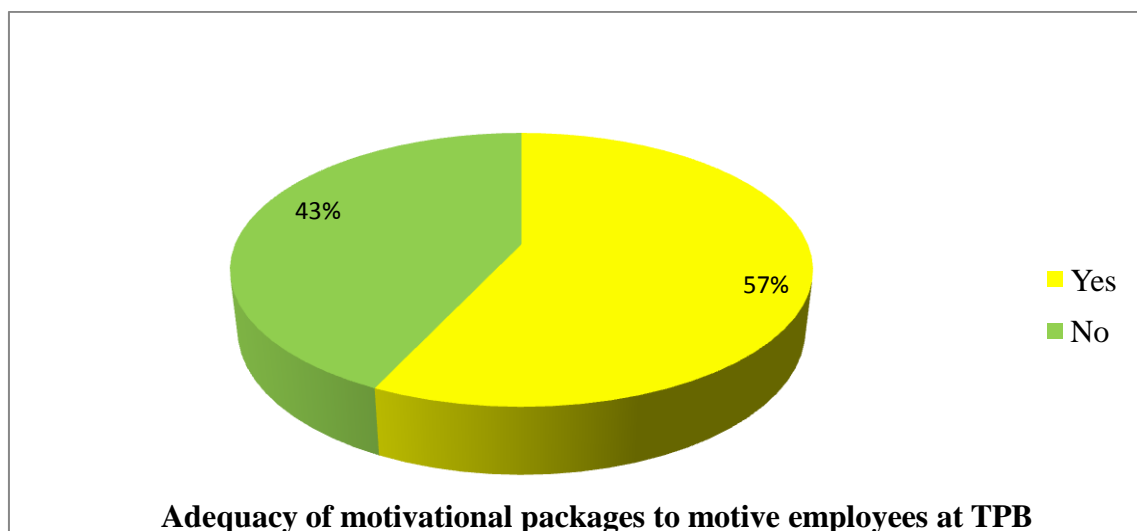
**Source: Study Finding**

However, a researcher during an interview asked key informants “what are the existing motivating factors for improving job performance in TPB” and their response were that,

*“there are various existing motivating factors for improving job performance in TPB which include salary and commercial loans given to employees of TPB, good working conditions, quality human resources, good office environment salary increment and training.*

#### **4.6 Adequacy of Motivational Packages to Employees of TPB**

The study was interested to examine the adequacy level of motivational packages to employees of TPB because it is this level of motivational package which determines the employee performance in TPB. If the adequacy of these motivational packages is enough to employees then the workers will be satisfied, committed to work, loyal to the bank and will provide good customer care services to bank clients. This will attract more customers and also to retain them and hence performance.



**Figure 4.4 Adequacy of Motivational Packages to Motive Employees at TPB**

**Source: Study Findings**

The study showed that 57% of the respondent said that the motivational packages they received are enough to motivate them to give their best to the bank. The study also showed that 43% of the respondents said that motivational packages are not enough to motivate

employees of TPB and suggested that management of TPB should stop motivating non performed employees and gives the rewards for employees who really perform the gap between top management and low income earners. However, employees of TPB also suggested that management should increase employees' salaries hence recognition and promotion should be given first priority. This finding can be summarized in figure 4.4

#### **4.7 Ways in which Motivational Packages Influence Employees of TPB**

The study was interested to identify the ways in which motivational packages influence employees of TPB. The result shows that 22% of respondents said that motivational packages available in the bank are influencing them to early reporting to work. However, 16% of respondents said that motivational packages are influencing them to stay on the job.

Furthermore, 27% of respondents are delighted to customer because of the influence of motivation packages available at TPB. Moreover, few respondents which comprise of 3% said that motivational packages influencing them in way that they have inner satisfaction which makes them to perform. The study further found that 31% of respondents said that motivational packages influence them to be loyal to bank.

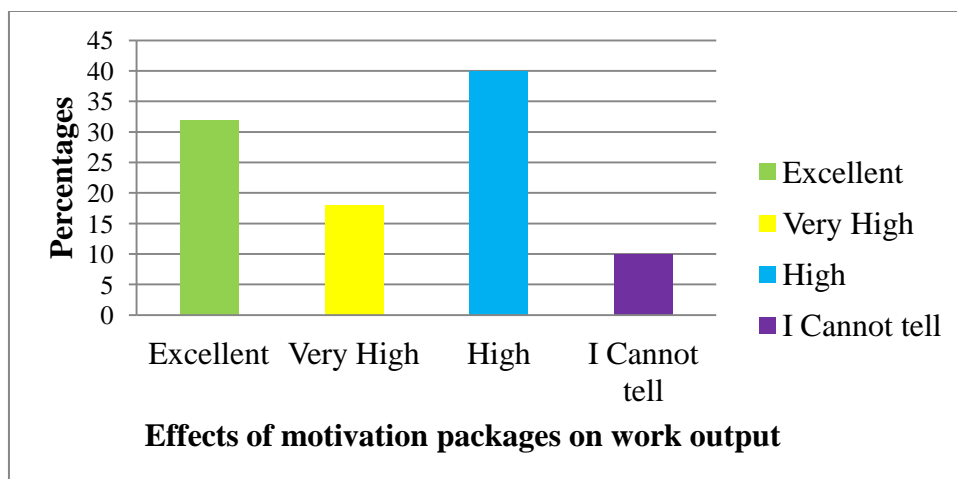
**Table 4.7 Ways in which Motivational Packages Influence Employees of TPB**

<b>Response</b>	<b>Frequency</b>	<b>Percentages</b>
Early reporting to work	20	22
Staying on the job	15	16
Delight to customer	25	16
Inner satisfaction	3	3
Loyal to the bank	28	31
<b>Total</b>	<b>91</b>	<b>100</b>

**Source: Study findings**

#### 4.8 Effects of Motivational Packages on Work output

The study intended to find out the effects of motivational packages on work output and the result were as follows, 32% of respondents said that the effects of motivational package on work output is excellent. However, 18% of respondents said that the effects of motivational packages on work output are very high. The majority of respondents which comprise of 40% said that the effects of motivational packages on work output are high. Furthermore, few respondents which are 10% said that they cannot tell on the effects of motivational packages on employees work output.



**Figure 4.5 Effect of Motivational Packages on Work output**

**Source: Study Findings**

#### 4.9 Effects of Motivational Packages on TPB Performance

The study was interested to find out the effects of motivational packages on TPB performance. The finding observes that motivational packages have positively impact on TPB performance because there is an increased branch network from 26 in 2006 to 34 as well as the bank profit also increased. The response from respondents shows that the 35% of respondents said that there is a positive effect of motivational package on TPB performance on bank achievement and profitability.

However, 23 % of respondent said that the effect of motivational package on TPB performance is on deposit mobilization. Furthermore, 10% of respondents said that the effect of motivational package on TPB performance is on loan default. The study further found that 15% of respondents said that there is effect of motivational packages on TPB performance on staff retention and 21% of respondents said that there is effect of motivational package on TPB performance on the level of customer.

Furthermore, during an interview a researcher asked key informants what do they think that made TPB to perform and the response were, *“employee hard work and valuing employee work including motivating them, technological development, new management and competitor on the market are the reasons that made TPB to perform”*.

Other reasons that made TPB to perform according to the key informants were; *“bonus which is provided to performed employee on a year basis, availability of commercial and salary loan to TPB employees, provision of leave allowance on yearly basis and provision of medical health insurance which is equal to all employees, whereby employees who have families and dependents are offered medical insurance to husband/ wife and their four children”*.

**Table 4.8 Effects of Motivational Packages on TPB Performance**

<b>Responses</b>	<b>Frequency</b>	<b>Percentage</b>
Profitability	32	35
Deposit mobilization	21	23
Loan default	9	10
Staff retention	12	15
Level of Customer	17	21
<b>Total</b>	<b>91</b>	<b>100</b>

**Source: Study Findings**



#### 4.10 Job Training in TPB

The study was interested to find out whether employees of TPB have accessibility to training opportunities. Generally, training is a formal process by which a person acquires knowledge, skills and competencies. Training helps employees to improve expertise and contributing to the overall improvement within the organization. Employees will be more loyal to the bank resulting in a reduction of employee turnover, more motivated and experience a higher level of job satisfaction if offered training and encourage improving their performance.

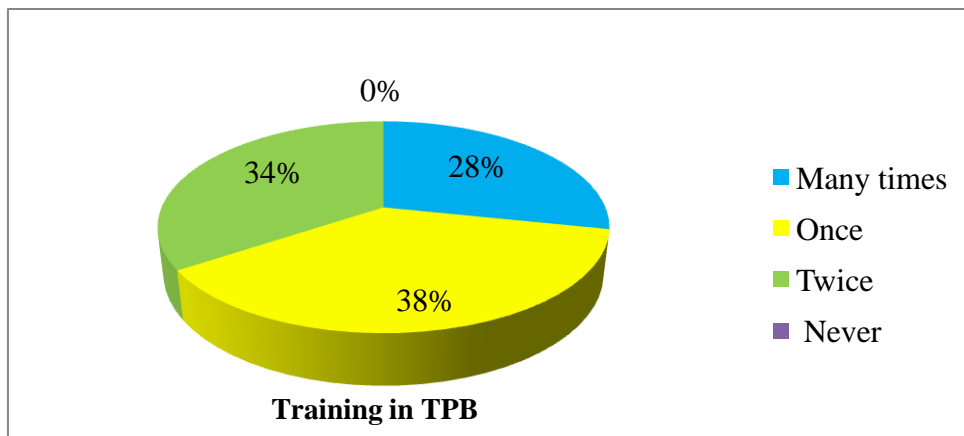
However, training is the process of acquiring specific skills to perform a job better. Training is used to qualify people to perform in positions of greater difficulty and responsibility,

Further more training provide exposure on outside world on how things are done thus the bank will benefit by giving their staffs ability to get exposure and knowing what other bank do. Therefore management should improve and increase regular training to its staffs.

From the study result shows that 28% of TPB employees have attended training many times. 37% of respondents had once accessed training and 34% of respondents had twice participated on training.

However, during a face to face interview a researcher asked the key informant how often do they offering job training to employees of TPB and the branch manager said that “ *job training is done every day in her office, she also said that training schedule is available for customer service course to each staff at least one course per year. Other courses according to her are offered on need basis after identifying staff skills gap*”. Other key

informants also respond to that question and they said that, *“training is available in TPB and it conducted on a yearly basis, including other technical trainings as and when they are available”*. The summary of the findings regarding training presented in figure 4.6 below.



**Figure 4.6 Training in TPB**

**Source:** Study findings

A researcher goes further by asking key informants, how does employee motivation add value at the end of the year in TPB and the response were as follows *“when employee is assured of his work, then he is motivated to work hard, increase productivity knowing that it will increase salaries and bonuses and therefore increase in profit at the end of the year”*. For instance the branch manager of TPB Metropolitan branch said that, *“for the period 2011 the bank registered a historical profit before tax of TZS 3.8 billion. And this was the highest profit since the bank started its operations in 1992.*

On top of that, branch finance officer as one of the key informant added that *“the bank has achieved a lot during the past 6 years. There is an increased total assets of the bank, customer deposits increased investments more than double and profit after tax was also high.”*

Another findings from the interview are that, when a researcher asked key informants what do they suggests that bank can do to satisfy its customers, the response was that; *“employees of TPB should provide quality customer care services to its esteemed customers by giving what customers want, integrity is highly needed among employee’s as well commitment and to make sure that customers savings are not stolen”*.

## **CHAPTER FIVE**

### **5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1Introduction**

This chapter focuses on the summary of major findings, conclusion based on the findings and the recommendations.

#### **5.2 Summary of Major Findings**

Majority of respondents argue that money is what they worked for. Since the reason why people do work is to secure income and gives them buying power and surpluses for savings. Majority of employees considered salary increment to be the first motivational factor that motivates them to perform.

Respondents show a very high level of loyalty to bank, customer services improved in the branches and there is improvement of public relations activities of which is good for the bank. The longer an employee remains in the employment of the bank, the more likely those customers to be familiar to such an employee and find it easy to divulge their service wishes or expectations from the bank. Both of these positively contribute to an increase in the profit of the bank.

Moreover, majority of the respondents, indicate that good working environment poses a good image about the bank to its customers. The bank has renovated most of its office branches so as to attract customers to do business as well as to make employees to feel comfortable working with the bank. Modern office equipment and furniture also creates a good atmosphere to do business between a client and the bank. These attract more business and hence increase bank performance. Majority of employees indicate that

without motivational packages in place for them, the desired result to be achieved at the branch would be difficult.

The study observes that TPB does not offer any type of housing loan scheme to its employees as well as customers since itself is a financial institution.

### **5.3 Implications of the Findings**

The study has implication towards managers and supervisors that they should be fair and careful when measuring employees' performance. Job performance is measured by supervisory ratings and these ratings are subjective in nature. Any form of biasness and errors should be avoided by managers and make sure that employees are rewarded accordingly as well as checking the performance management and reward system for equity.

Managers should always embark on continues incentives and rewards program to their staffs and this should include personal acknowledgement by letter or emails for staffs. This will encourage staffs to produce more and with efficiency and that will help managers to achieve their branches or department targets and hence bank performance.

Management must take action to improve performance of employees by use of appropriate management styles to optimize motivation and a positive work climate, provide technology and resources needed to meet performance expectations, use of job rotations and trainings to employees.

The finding also has implication to employers that they must know what motivates their employee. This is because the personality of employees reacts differently to motivational

factors. Some employees are more intrinsically and others are more extrinsically motivated.

#### **5.4 Conclusion**

From the result obtained the study concluded that people use bank services to save their gain because they believe it is a secured place for keeping their money. The study also shows that salary increment has an impact on job performance. Salary increment has made employees to work hard and provide good services to its esteemed customers.

It is further concluded that the presence of team work among employees of Tanzania Postal Bank has an impact on job performance. Team work has made a remarkable growth to TPB in terms of loans especially for salaried employees and micro borrowers. Total income, assets and deposits of the bank has increased as well as profit.

The study further concluded that availability of motivational packages to employees of TPB has caused the bank to perform well. Because of these packages high level of employees' loyalty in the bank is observed. Employees are delighted to customer as a result level of employee turnover is not high. Inner satisfaction is also observed which produces some moral for the core employees out their best in terms of service delivery. The study also concluded that management of TPB usually facilitates the employees learning through training so that employees modified behavior contributes to the attainment of TPB goals and objectives.

Moreover the study concluded that managers and supervisors should be fair and careful when measuring employees' job performance because in many organizations job performance is measured by supervisory ratings, and these ratings are highly subjective.

## **5.5 Recommendations**

Basing on the findings of the study and the opinion of the researcher, it is recommended that:

### **5.5.1 Effect of Motivation Packages on Employee Performance**

Management should approve of new motivational packages which influence performance at the bank. Sales employees and credit officers can be given car loan to motivate them to stay longer in the office because their work involves a lot of visiting customers outside the office.

Motivation as a part of a reward can be promoted by exposing employees to challenges and giving employees more responsibility. However, when employees have done a good job, particularly when they have succeeded in a challenging assignment, nearly all want to be recognized for doing so. When this does not occur, the result often is de-motivating. But, when honestly and genuinely offered by supervisors and other management, praise for a job well done and recognition can be one of the greatest motivator.

Management should continue to brand image of the bank by renovating other branches in order to improve the working environment for their staffs and customers. The bank can do public relations through cooperate social activities as well as informing the public about TPB and its products through media.

Promotion is another key area where the bank should focus in order to improve job performance. Currently promotion rate from one level to another is very low, and analysis indicates that promotion is likely to happen after 4-5 years after joining the company. Promotion raises the status of the employees who receive promotion within organization.

The study further recommends that the bank shall provide/offer a housing loan scheme to its employees as one of motivating factor to their job performance. Housing loan scheme is necessary to TPB staffs so as to improve the life standard of its workers which in the end is the best reward to the employees. Indeed, housing loan has long repayment period thus it will help to retain employees as well as promoting morale to the work performance.

A researcher recommends that the management of TPB should invest more on staff trainings. This should include equipping staff with the knowledge of the bank itself, the products offered, Standard operations procedures as well as staffs being competent. By doing this staffs will be emotionally motivated and can work confidently. Therefore this will help the bank to improve customer care services to its esteemed customers in order to be able to compete well at this time where there is high influx of many financial institutions in the country.

Moreover, the study recommends that in order to motivate and show consideration to its staffs the management should lower bank charges to its staff such as low interest to its entire loan products offered to TPB employees, lower exchange rate as well as money transfer services.

The bank should adopt an updated performances measurement tools like Balance Score Card. This will enable fair and open rewarding programmes for staff that performs better than others. Adoption of these tools also helps in personal motivations by staff as in the process of scoring themselves they also increase personal morally to effectively perform and meet the Company set targets

It is a high time now for the bank to think of selling a little of company shares equally to each employee. This will enable them to have a state of bank ownership and hence



motivated to work more efficiently towards the success of the bank which they also own part of it

### **5.6 Limitation of the Study**

The major limitation that faced to accomplish this work includes limited time. Time allocated for this research has been very short. High preparation cost. The cost incurred to prepare this dissertation includes stationery, transport, internet and consultation fees are very high to the extent that one has to stop working and organizing for finances so that you can be able to get the project going.

Difficult in accessing some of the key informants. It has been very difficult to reach certain potential people with valuable information for this thesis. For instance, it had been a long process to obtain an appointment and even when the appointment was secured a researcher could not met with some of those people. Another limitation is that researcher administered 100 questionnaires to respondents but only 91 questionnaires were returned back to researcher.

### **5.7 Suggestion for Further Studies**

This dissertation covers small part of selected theories of motivation and it is possible to deepen the study in order to get a detailed framework and discover more motivational packages for job performance. More investigation into the relationship between employee motivation and job performance should be researched further. Lastly, designing an objective way to measure job performance is also a suggestion for further studies.

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## APPENDICES

### Appendix 1: Interview Guide

Qn1. NAME :( Optional).....

Qn2. OCCUPATION.....

Qn3. NAME OF BRANCH.....

Qn4. WHAT IS YOUR DESIGNATION AT TANZANIA POSTAL BANK?.....

Qn5. What is your age? Tick one

Between 18-27 years.

Between 28-37

Between 38-47

Between 47-57

Above 57

Qn 6. Sex

Male                      (b) Female

Qn 7.What is your education level?

Primary Education

Secondary education

College /University level

No education

Qn 8. How long have you worked in Tanzania Postal Bank?

3-7years

8-12 years

Above 12.

Qn 9. Do you have an account with Tanzania Postal Bank?

Qn10. As a line manager did you get any training on how to motivate employees?

Yes (b) No

Qn11. What do you think are the reasons that made Tanzania Postal Bank to perform?

.....

Qn 12. What are the existing motivating factors for improving job performance in your Bank?

.....

Qn 13. Please explain how does employee motivation add value at the end of the year?

.....

Qn14. What do you suggest that bank can do to satisfy its customer's?

.....

Qn15. Do you have team work in your bank?



## Appendix 2: Questionnaire Guide

Dear respondents.

I am Buguza Massudi pursuing Master of Human Resources Management at Open University of Dar es Salaam, Faculty of Business Management. Kindly would you please take a few minutes to complete the following questionnaire by filling space provided or tick /comment for anything that you have, which you think can help me in my research. The research questionnaires have been prepared in order to facilitate the collection of Data for the research on Impact of Employee motivation on Job Performance. The research is a partial fulfillment of the requirements for the award of Master's degree in Human Resources Management (MHRM) degree provided by Open University of Tanzania.

### Part A:

Qn1. NAME:(Optional).....

Qn2. OCCUPATION.....

Qn 3. What is your age? Tick one

- (a) Between 18 years to 27 years.
- (b) Between 28 to 37 years
- (c) Between 38-47 years.
- (d) Between 48-56
- (e) Above 57

Qn 4. Sex

Male                      (b) Female

Qn5. What is your marital Status?

- (a) Single
- (b) Married
- (c) Divorced
- (d) Widowed

Qn 6 .What is your education level?

- (a) Primary Education
- (b) Secondary education
- (c) College /University level
- (d) No education

Qn7. How long have you worked in Tanzania Postal Bank?

- (a) 0-5years
- (b) 6-10 years
- (c) 11-15 years
- (d) Above 15years

Qn 8. Are you a customer of Tanzania Postal Bank?

- (a) Yes
- (b) No

Qn 9. Do you have an account with Tanzania Postal Bank ?

- (a) Yes
- (b) No

**Part B:**

Qn10. Is salary increments influence the performance of employees in TPB?

- (a) Yes      (b) No

Qn 11 If Yes

Explain.....

Qn 12 If No

Explain.....

Qn13. What is the role of team work in enhancing job performance?

- (a) Achievement
- (b) Poor performance
- (c) No team work
- (d) Other

Qn14. What are motivational packages for employees of Tanzania Postal Bank?

- (a) Salary increment
- (b) Recognition
- (c) Fringe benefits
- (d) Employee housing loan scheme
- (e) Promotion

Qn15. By ranking them in order of priority which package is most important to you?

- (a) Salary increment
- (b) Recognition
- (c) Fringe benefits
- (d) Employee housing loan scheme
- (e) Promotion
- (f) Other specify

Qn16. Do you think these packages are adequate enough to motivate employees of Tanzania Postal Bank to give out their best work places?

- (a) Yes    (b) No

Qn17. If no, please suggest alternatives adequacy levels of package for management of Bank.

### **Part C:**

Qn18. In what ways do this packages influence you?

Yes                  No

- (a) Early reporting to work? .....
- (b) Staying on the job
- (c) Delight to customer
- (d) Inner satisfaction
- (e) Loyal to the bank

Qn19. What are the effects of these packages on your work output?

- (a) Excellent
- (b) Very high
- (c) High
- (d) I cannot tell

Qn20. In your view what is the effect of these packages on Tanzania Postal Bank's

Performance

in the below areas:

	High	Average	Low	cannot tell
(a) Profitability	{ }	{ }	{ }	{ }
(b) Deposit mobilization				
(c) Loan default				
(d) Staff retention				
(e) Level of Customer				

Qn21. How often do you go for job training?

- (a) Many times
- (b) Once
- (c) Twice
- (d) Never

**Thank you for your Cooperation.**

### Appendix 3: Statement of Comprehensive Income in TPB

TANZANIA POSTAL BANK			
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012			
	Note	2012 TZS '000	2011 TZS '000
Interest income	7	20,867,446	15,805,909
Interest expense	8	(1,952,281)	(1,619,166)
<b>Net interest income</b>		<b>18,915,165</b>	<b>14,186,743</b>
Fees and commission income	9	8,577,508	7,343,896
Fees and commission expense	10	(732,594)	(722,663)
<b>Net fee and commission income</b>		<b>7,844,914</b>	<b>6,621,233</b>
Foreign exchange income	11	683,604	697,144
Other income	12	966,551	724,402
Loan impairment losses	20(c)	(1,168,301)	(551,944)
Administrative expenses	13	(21,571,321)	(17,845,045)
Profit before taxation		5,670,612	3,832,533
Taxation charge	15(a)	(1,597,103)	(1,254,105)
<b>Profit for the year</b>		<b>4,073,509</b>	<b>2,578,428</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>4,073,509</b>	<b>2,578,428</b>

## TANZANIA POSTAL BANK

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2012

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Source: [www.postalbank.co.tz](http://www.postalbank.co.tz)



## TANZANIA POSTAL BANK

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 TZS '000	2011 TZS '000
<b>Cash generated from operations</b>	32	6,107,718	9,016,539
Tax paid		(2,359,109)	(637,500)
<b>Net cash generated from operating activities</b>		<u>3,748,609</u>	<u>8,379,039</u>
<b>Cash flow from investing activities</b>			
Acquisition of intangible assets	22	(294,848)	-
Purchase of property and equipment	23	(2,802,265)	(1,140,054)
Proceeds from disposal of fixed assets		<u>80,594</u>	<u>14,945</u>
<b>Net cash used in investing activities</b>		<u>(3,016,519)</u>	<u>(1,125,109)</u>
<b>Cash flow from financing activities</b>			
Proceeds from issue of equity shares		1,500,000	1,000,000
Withholding tax paid on bonus issue		<u>(25,397)</u>	<u>-</u>
<b>Net cash generated from financing activities</b>		<u>1,474,603</u>	<u>1,000,000</u>
<b>Net increase cash and cash equivalents</b>		2,206,693	8,253,930
<b>Cash and cash equivalents at 1 January</b>		<u>14,557,794</u>	<u>6,303,864</u>
<b>Cash and cash equivalents at 31 December</b>		<u>16,764,487</u>	<u>14,557,794</u>
<b>Analysis of cash and cash equivalents at 31 December</b>			
Cash and balances with Bank of Tanzania	16	10,464,331	7,664,908
Placements with other banks maturing within 3 months		6,398,977	6,056,034
Cheques and items for clearing maturing within 3 months	17	102,459	293,766
Treasury bills maturing within 3 months	18	6,575,413	543,086
Borrowings and balances due from the other banks	25	<u>(6,776,693)</u>	<u>-</u>
		<u>16,764,487</u>	<u>14,557,794</u>

Source: [www.postalbank.co.tz](http://www.postalbank.co.tz)



## TANZANIA POSTAL BANK

STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2012

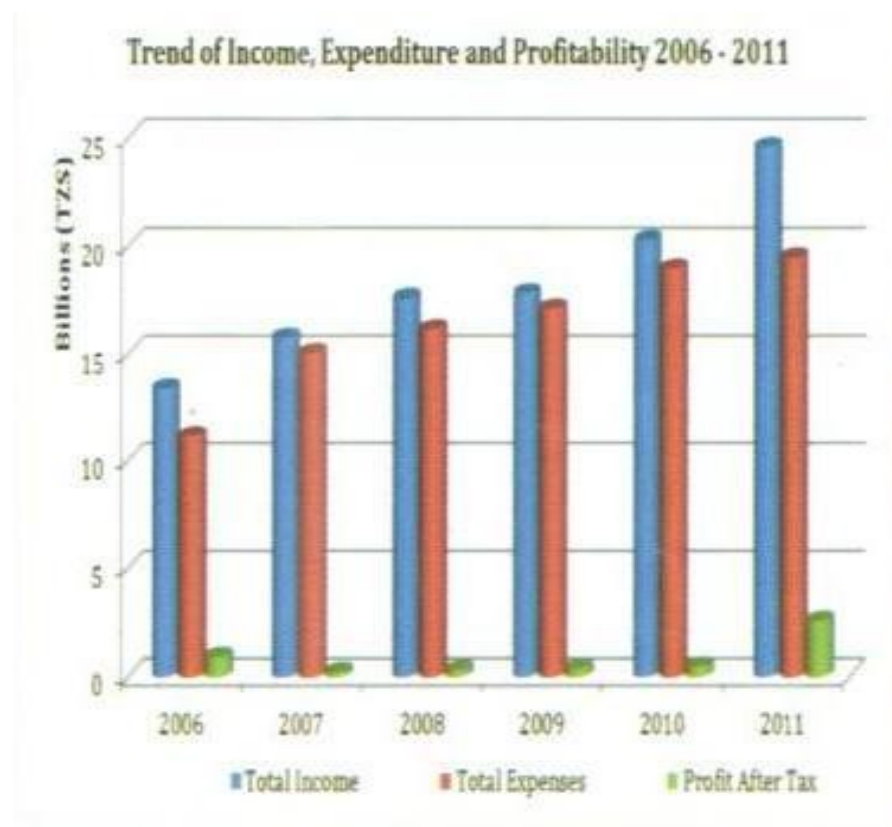
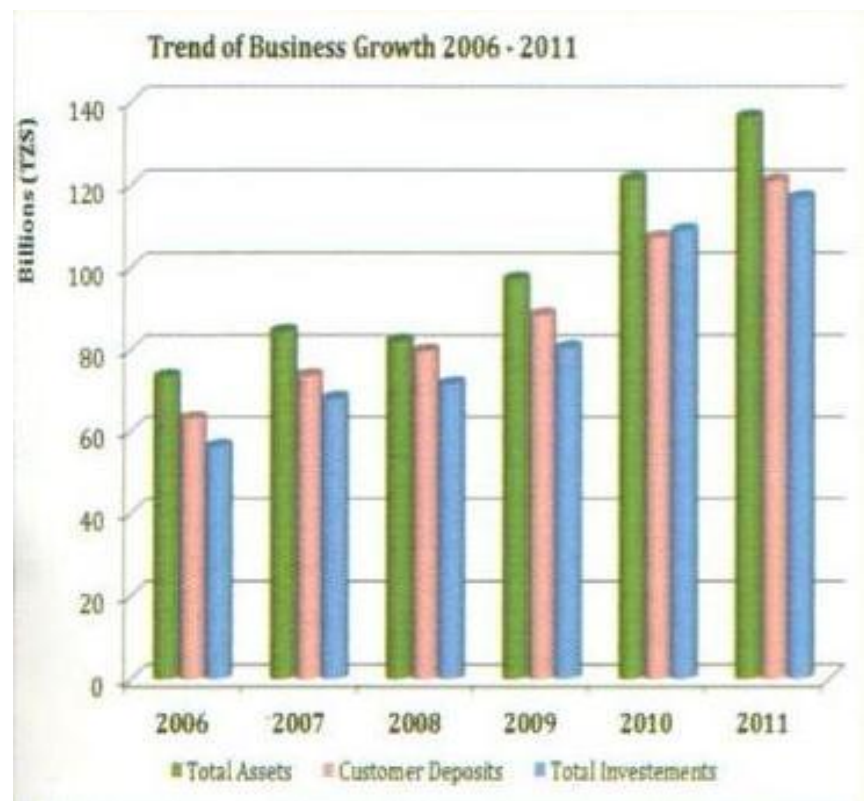
	Notes	2012 TZS '000	2011 TZS '000
<b>Assets</b>			
Cash and balances with Bank of Tanzania	16	10,464,331	7,664,908
Cheques and items for collection		102,459	293,766
Placement and balances with other banks	17	6,398,977	6,056,034
Treasury bills	18	9,756,764	16,112,897
Government stocks and other securities	19	29,913,555	34,620,882
Loans and advances to customers	20	100,888,380	66,029,349
Other assets	21	4,052,601	2,249,240
Deferred tax asset	29	348,803	-
Intangible assets	22	315,645	145,327
Property and equipment	23	5,058,340	3,067,984
<b>Total assets</b>		<b>167,299,855</b>	<b>136,240,387</b>
<b>Liabilities and equity</b>			
Customer deposits	24	138,863,811	120,928,436
Borrowing and balances due to other banks	25	6,776,693	-
Other liabilities	26	4,348,547	2,948,750
Tax payable		338,544	609,257
Revenue grant	27	119,007	292,970
Capital grant	28	24,154	37,498
Deferred tax liabilities	29	-	142,489
<b>Total liabilities</b>		<b>150,470,756</b>	<b>124,959,400</b>
<b>Equity</b>			
Share capital	30	7,582,126	4,818,309
Retained earnings		9,040,672	6,076,505
Statutory reserve		206,301	386,173
<b>Total equity</b>		<b>16,829,099</b>	<b>11,280,987</b>
<b>Total liabilities and equity</b>		<b>167,299,855</b>	<b>136,240,387</b>

The financial statements on pages 18 to 63 were approved by the Board of Directors on.....2013 and signed on its behalf by:

Prof. Lettice K. Rutashobya  
Chairperson

Mr. John J. Lukonge  
Director

Ms. Edna N. Nyanguli  
Director



Source: Man Magazine, 2012